



The Voice of Small Business®

Testimony in Opposition to HB2042
Mr. Daniel Murray: Kansas State Director, NFIB
House Taxation Committee
Monday, January 28, 2013

Good afternoon Chairman Carlson and members of the Committee. I am pleased to be here on behalf of the National Federation of Independent Business (NFIB). The NFIB is the state's leading small business advocacy organization representing approximately 4,000 small business owners across Kansas.

NFIB opposes HB2042, which proposes to give the government a leg up over taxpayers in property appraisal disputes related to leased commercial and industrial property tax disputes.

First and foremost, we believe that the burden of proof should always lie with who declares, not who denies. In other words, we affirm the principle that one is innocent until proven guilty. In contrast, HB2042 places the onus of proving "innocence" on the taxpayer, while the government, enjoys the power of judge and jury.

Second, HB2042 shifts an additional burden from government to small businesses. We believe this will cause the government to lose some incentive to arrive at a just and timely resolution with taxpayers. This is certainly troubling to many small business owners who already feel that the cards are stacked against them.

Finally, the NFIB believes that tax compliance is too burdensome for small business owners. In fact, the Small Business Administration (SBA) found that the tax compliance burden is 67 percent higher for small businesses than large businesses. According to the SBA, small business owners spend nearly 2 billion hours and \$18 to \$19 billion complying with the tax code each year. We believe HB2042 further exacerbates the problem and places additional tax compliance burdens on small business. Small businesses, already saddled with tax compliance troubles, will be forced to pay for additional outside accounting and appraisal counsel—which can be very expensive.

Small business is not asking for a free pass; but, we do ask that the playing field remain level. The NFIB believes that HB2042 crumbles the notion of the presumption of innocence and places additional burdens on Kansas' fragile small business sector. NFIB opposes HB2042 and urges you to not advance the bill.

Small Business Isn't Small

Collectively, small business isn't small. It represents over 97 percent of all employer firms and provides employment to 54.7% of the non-farm private work force in Kansas. It pays 44 percent of total U.S. private payroll. In the past fifteen years, it has annually generated 64% of net new jobs. It generates more than 50% of the gross domestic product. It possesses half of the business wealth in the U.S